

***Delaware Health Resources Board
Bayhealth Milford Memorial Hospital CPR Application Review Committee
Tuesday, March 1, 2016 1:00 PM
Thomas Collins Building
Second Floor Conference Room
540 South DuPont Highway
Dover, Delaware***

Review Committee Members Present:

Mark Thompson, Chair; William Love; and Scott Perkins.

Staff Present:

Joanna Suder; and Latoya Wright.

Call to Order and Welcome

The meeting of the Health Resources Board Review Committee for the Bayhealth Milford Memorial Hospital Certificate of Public Review application was called to order at 1:10 p.m. by Mark Thompson, Review Committee Chair.

February 8, 2016 Meeting Minutes

Latoya Wright stated that under “Call to Order and Welcome”, “Mark Meister” will be corrected to “Mark Thompson.” William Love made a motion to approve the minutes as amended. Scott Perkins seconded the motion. There was a voice vote. Motion carried.

Review of Bayhealth Milford Memorial Hospital Follow up Questions and Responses

The Review Committee reviewed the responses to the Bayhealth Milford Memorial Hospital follow up questions from the February 8, 2016 meeting.

The first question asked the applicant what the plans are for the existing Milford Memorial Hospital. The applicant submitted a comprehensive response that included the process and timeline they intend to follow.

The Review Committee found that the response was a good process and asked the staff to include a brief summary of the process in the Certificate of Public Review Report to report that there is a process in place.

The Review Committee agreed that it could also be provided as an addendum in the materials because it is a good comprehensive answer.

The applicant was asked to explain the concept of Lean Management Principles. The Review Committee noted that if this process was used to evaluate the current hospital it would most likely point out many instances where the hospital cannot be fully efficient given the current structure.

The applicant was asked why the number of beds was reduced from 168 to 128. The applicant’s response pointed out that they cannot use all of the existing beds they currently have given the infrastructure that is in place. The Review Committee agreed that should be included in the Report because one of the things driving the need for the new hospital is the limitations due to the current infrastructure. Although they have 168 beds it really is not 168 beds. The Report

should also note the applicant's effort to reduce average length of stay while maintaining quality, given the Triple Aim plus One.

Regarding charity care, the Review Committee agreed they should bring to the Health Resources Board's attention that two percent is a high threshold.

The applicant was asked to provide some examples of the risk of potential code violations the current aging infrastructure creates (e.g. Code citations by the Fire Marshall which cannot be rectified due to poor infrastructure). The applicant outlined HVAC issues, electrical distribution issues and life safety issues in detail in their response. All of the Review Committee members were surprised with what they saw during their tour of the facility and how the applicant was able to continue the operations given the challenges outlined in their response.

The Review Committee was very satisfied with all of the responses to the follow up questions.

Review of Certificate of Public Review Draft Report

The Review Committee reviewed the draft Certificate of Public Review Report.

The following additions will be included in the report:

- A summary of the plans for the current facility.
- The impact to the safety of the community regarding the ambulance and helicopters.
- The number of power outages the facility has.
- The implications of overall safety regarding the HVAC, electrical distribution and life safety issues.

The Review Committee members were provided with a copy of the Statewide Community Benefit Report published by the Delaware Healthcare Association to review.

Review Considerations

The Review Committee reviewed the following criteria for reviewing the proposal to determine whether the application does or does not meet each criterion.

Criterion I: The relationship of the proposal to the Health Resources Management Plan.

The Review Committee agreed on the following points:

- The current infrastructure does not enable the hospital administration to meet current standards. By not enabling it to make this change or a similar change they will not be able to meet the standards in the future.
- The new hospital will be in a better position to meet the standards.
- There is concern about the various potential safety issues with the current infrastructure.
- The replacement hospital is really the only course of action there is.

The Review Committee unanimously agreed that the application meets criterion one.

Criterion II: The need of the population for the proposed project.

The Review Committee unanimously agreed that the application meets criterion two.

Criterion III: The availability of less costly and/or more effective alternatives to the proposal, including alternatives involving the use of resources located outside the state of Delaware.

Under this criterion in the Report, the staff will add information about the power outages; the community's impact on safety and efficiency; disruption of the current infrastructure of the facility; the response that the applicant provided to the question on the impact of the ambulance

or helicopters; the applicant's response to the questions regarding the code violations, the infrastructure and the impact on the community safety; and information about Delaware's Triple Aim Plus One.

The Review Committee unanimously agreed that the application meets criterion three.

Criterion IV: The relationship of the proposal to the existing health care delivery system.

The Review Committee agreed on the following points:

- Multiple letters of support were submitted for the project and there has been no opposition.
- The proposal will improve access to care.
- Enabling the hospital to more effectively meet standards will not result in any negative change.
- There will not be any adverse impact. There will only be a positive impact.

It was suggested that the point about the letters of support and the issue of improved access to care be included under this criterion in the Report.

The Review Committee unanimously agreed that the application meets criterion four.

Criterion V: The immediate and long term viability of the proposal in terms of the applicant's access to financial, management and other necessary resources.

The applicant was asked to provide the source of funding for the estimated maximum project cost of \$302 million. The Review Committee asked the staff to include in the report the applicant's response that "Any additional funding needed to cover the maximum project costs is currently planned to come from cash reserves. Further, the Board of Directors has authorized Bayhealth administration to borrow approximately \$50 million if needed."

The Review Committee unanimously agreed that the application meets criterion five.

Criterion VI: The anticipated effect of the proposal on the costs of and charges for health care.

The Review Committee unanimously agreed that the application meets criterion six.

Criterion VII: The anticipated effect of the proposal on the quality of health care.

The Review Committee unanimously agreed that the application meets criterion seven.

Action

The Review Committee voted to recommend to the full Health Resources Board that the application be approved without conditions.

Next Steps

The Review Committee's recommendation will be presented to the full Health Resources Board at the March 24, 2016 meeting.

The Review Committee reviewed a letter from Saul Ewing, an attorney that represents Post Acute Medical whose application was approved at the December Health Resources Board meeting. The letter will be shared with the full Board at the March meeting.

Joanna Suder explained that the letter is to memorialize some concerns that Post Acute has with the Health Resources Board's process. The Board does not contact everyone when an

application is complete. It is posted in the newspapers which is how the notice is received. Post Acute wanted to be personally notified. That is not required by law and did not happen.

Another issue is a FOIA issue on the length of time it took them to receive a copy of the application. That is because the application was under legal review and it was necessary to redact the financial statements which took time. If they wish, they may file a FOIA complaint.

The letter is requesting that, since they did not submit their request for a public hearing in the time that the law allows, that the Review Committee and the Health Resources Board still allow them to have a public hearing at this point. The law does not require that. Public notice was issued and no requests were received in the time that requests were allowed to be received.

The Review Committee discussed the letter and raised the following points:

- The applicant presented the proposal before the full Board, which was a public meeting where people could speak for or against any initiative that was being considered by the Board. There was no opposition to this proposal and no one spoke against it at that public meeting.
- Bayhealth gave a presentation on their application at the December 17, 2015 meeting and representatives of Post Acute were in attendance for the presentation of the Post Acute application.
- The letter will be shared with the full Health Resources Board at the March 24, 2016 meeting.

Adjourn

The meeting adjourned at 2:10 p.m.

Guests Attending

Michael Ashton	Bayhealth
Michelle Clark	Bayhealth
Paul Lakeman	Bayhealth
Michael Metzinger	Bayhealth
Terry Murphy	Bayhealth
Alice Rausch	Bayhealth
Wendie Stabler	Bayhealth
John Van Gorp	Bayhealth